weekly economic review

October 18, 2013

Resale Housing Market

Average resale prices accelerate

The average price for an existing home in Alberta was $384,305 in September, up 7.8% from September 2012. This was the largest year-over-year increase since April 2010, and was driven by strong gains in Calgary (8.7%) and Edmonton (8.1%). Sales edged down slightly from August, but were up 13.0% year-over-year. The sales-to-new listings ratio rose to 0.68 as listings dropped off, well above Canada's 0.56 ratio.

The national resale market continued to rebound in September: sales jumped 11.5% and prices rose 8.5% year-over-year.

Consumer Price Index

Alberta inflation edges down

Consumer price inflation in Alberta dropped to 1.3% in September, the lowest reading since April. September's inflation rate was brought down by declining gasoline and durable goods prices. Service prices continued to buoy headline inflation, increasing by 2.4% year-over-year. Inflation excluding the more volatile food and energy components also edged lower by 0.1 percentage points to 1.5% in September. Inflation has been subdued so far this year, averaging 1.4%.

Canada's inflation rate was unchanged in September at 1.1%. The core inflation rate, which strips out volatile components and is used by the Bank of Canada to gauge inflationary pressures, held steady at 1.3%.

Manufacturing Shipments

Shipments gain momentum

Manufacturing shipments rose sharply for the fourth straight month in August to $6.5 billion. This is just shy of the three year high set in November 2011 and close to the record $6.6 billion in July 2011. On a year-over-year (y/y) basis, shipments jumped 8.0% as higher energy prices supported a 21.0% surge in petroleum and coal product shipments. Chemical (+17.8% y/y) and machinery (+9.7% y/y) also contributed to August's strong report.

Nationally, shipments continue to hold steady, coming in around last year's levels for the second straight month.

Non-Residential Construction Investment (NRCI)

Alberta construction investment jumps

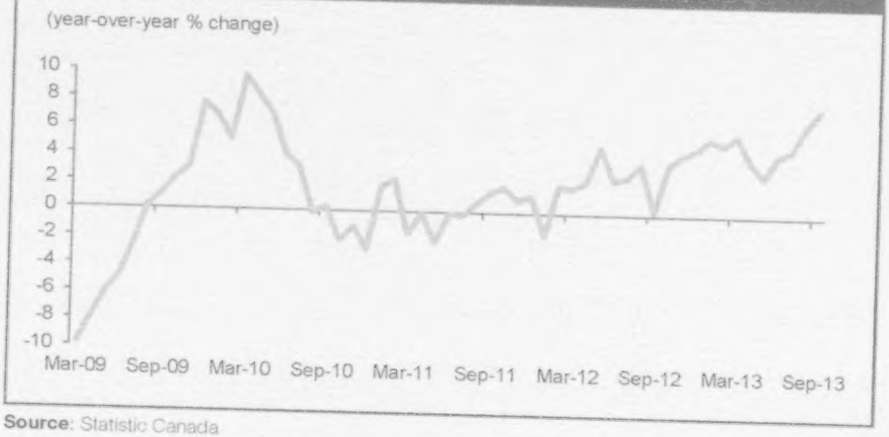
NRCI in Alberta jumped 4.9% in Q3 over the previous quarter and was up 5.7% compared with Q3 2012. The gain over the second quarter reflected strong construction investment in Calgary (+5.8%), with flood reconstruction likely contributing to the increase. The strong third quarter pulled year-to-date growth in NRCI up to 3.1%.

US Debt Ceiling Deal

Government shutdown ends

After nearly a month of political brinkmanship, the US Congress agreed to both suspend the statutory debt ceiling until February 7 and fund the federal government until January 15, 2014. Markets were up over 1% on the news of a deal. Furloughed federal employees have returned to work. They will receive back-pay for the time they missed.

Alberta Average Resale House Price



Source: Statistic Canada

Closing Price	Oct. 10, 2013	Oct. 17, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	96.31	97.23	96.97
WTI Oil ($US/bbl)	103.01	100.67	100.23
NYMEX Natural Gas($US/MMBtu)	3.72	3.76	3.78

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Alberta Economic Indicators

Population	2011	2012	2013YTD	Apr	May	June	July	Aug	Sept
Population (000's)	3,790	3,889	4,025	3,982	..	..	4,025	..	..
y/y % change	1.5	2.6	3.5	3.2	..	..	3.5	..	..
Net Interprovincial Migration[1]	8,443	27,652	52,677	13,438	..	..	13,791	..	..
Net International Migration[1]	19,411	40,842	52,551	13,632	..	..	20,487	..	..
Net Non-permanent Residents[1]	7,251	10,085	19,560	6,774	..	..	10,472	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,195	2,183	2,201	2,201	2,217	2,232	2,236
y/y % change	3.8	2.7	2.4	1.9	2.3	2.6	3.0	3.6	3.7
Unemployment Rate (%), SA	5.5	4.6	4.7	4.4	4.8	5.0	4.5	4.8	4.3
Participation Rate (%), SA	73.7	73.4	73.0	72.5	72.5	73.1	73.0	73.6	73.1
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,100.36	1,099.83	1,119.34	1,104.47	1,097.63	..	..
y/y % change	4.4	3.6	3.5	3.5	5.4	3.4	1.6	..	..
Price Indices									
NEW: Consumer Price Index (y/y % change)	2.4	1.1	1.4	1.3	2.3	2.3	2.2	1.4	1.3
Excluding food and energy	0.8	1.4	1.3	0.9	1.1	1.6	1.9	1.6	1.5
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.1	..	..	0.9	..	..	..
Farm Product Price Index (y/y % change)	18.1	6.3	4.9	4.9	5.9	5.3	..	..	..
Crops	19.0	6.7	8.0	7.0	7.2	5.9	..	..	..
Livestock	17.2	5.9	2.2	2.9	4.8	4.7	..	..	..
Household Sector									
Housing Starts (SAAR, 000's)	25.5	33.3	35.1	39.8	42.5	38.1	35.4	28.5	30.5
y/y % change	5.0	30.7	6.7	0.3	26.7	12.8	6.6	-2.7	-8.7
New Housing Price Index[2] (y/y % change)	0.4	1.3	2.7	2.5	2.7	2.9	3.0	3.3	..
Edmonton	0.9	0.9	0.6	0.4	0.2	0.6	0.6	0.8	..
Calgary	-0.1	1.7	4.9	4.7	5.3	5.3	5.8	6.1	..
NEW: MLS Average Resale Prices ($ 000's)	352.7	362.0	378.4	375.8	375.6	376.5	378.7	367.2	384.3
y/y % change	0.5	2.6	5.2	4.0	2.9	4.4	4.9	6.6	7.8
Edmonton ($ 000's)	324.2	332.7	342.4	345.3	339.6	344.7	340.4	347.5	348.1
y/y % change	-0.7	2.6	3.4	4.7	1.1	3.7	2.9	4.2	8.1
Calgary ($ 000's)	401.9	410.8	433.6	426.4	424.8	431.0	438.7	440.8	456.8
y/y % change	1.1	2.2	6.6	3.5	2.6	5.3	6.8	7.8	8.7
Retail Sales, SA (y/y % change)	6.8	6.9	6.6	6.9	7.4	7.9	6	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.6	19.7	7.0	3.4	6.5	..	..
Consumer Bankruptcies	7,029	5,759	2,945	464	434	375	385	..	..
y/y % change	-13.8	-18.1	18.6	-11.3	-15.7	22.5	-21.3	..	..
Business Sector									
Rigs Drilling	286	250	232	115	88	115	187	230	251
y/y % change	30.4	-12.6	5.7	-18.2	0.3	-17.3	-5.7	7.0	9.6
Goods Exports, customs based (y/y % change)	18.4	1.8	5.6	0.4	13.3	0.2	12.9	11.9	..
Energy	19.2	-2.1	7.2	0.5	14.7	1.3	16.1	18.6	..
Farm, Fishing and Intermediate Food	27.2	20.6	-1.3	-6.4	7.1	-16.0	5.7	-20.7	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	..	..	..	..	..	..
NEW: Manufacturing Shipments, SA (y/y % change)	17.2	3.4	5.9	3.6	1.3	4.6	3.9	8.0	..
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.4	0.2	0.6	1.4	2.8	..	..
Building Permits, SA (y/y % change)	11.8	14.7	19.3	11.4	1.2	21.6	50.4	2.6	..
Residential	5.2	17.7	13.0	18.4	12.3	16.6	29.1	-8.7	..
Non-residential	20.9	11.0	27.7	5.1	-12.0	28.5	79.7	17.2	..
Business Bankruptcies	264	230	80	15	11	9	9	..	..
y/y % change	30.2	12.9	-46.7	-25.0	-60.7	-59.1	-43.8	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton

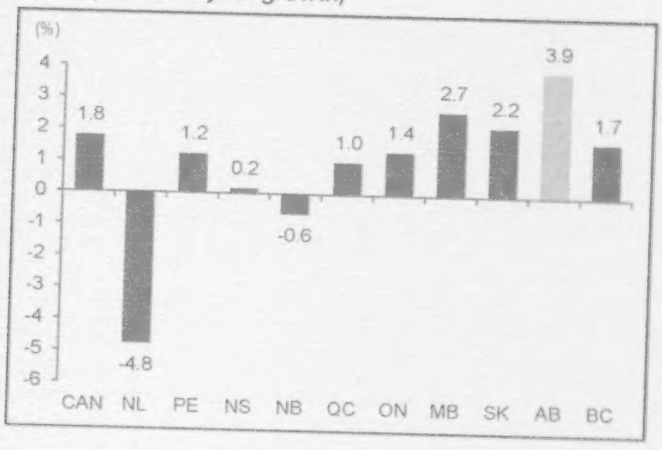
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the superintendent of Bankruptcy Canada).

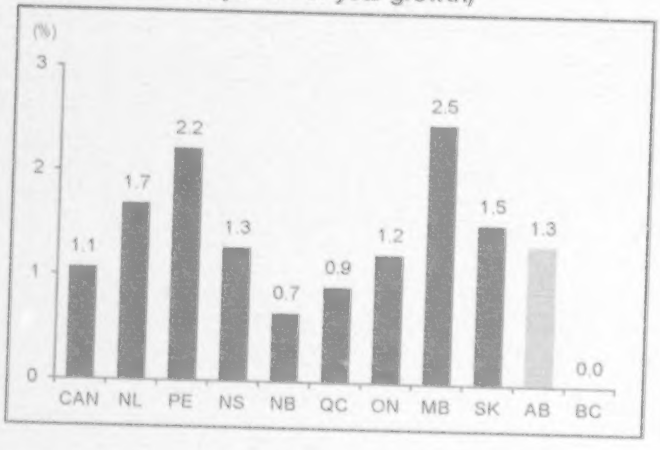
All historical data are subject to revision.

Economic Indicators by Province

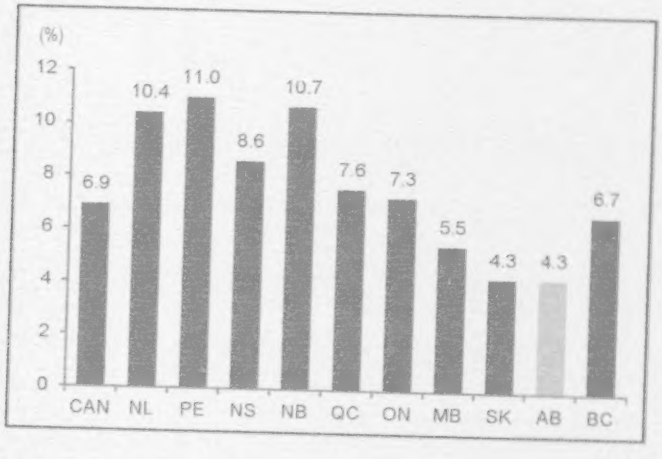
Real GDP by Industry
(2012, year-over-year growth)



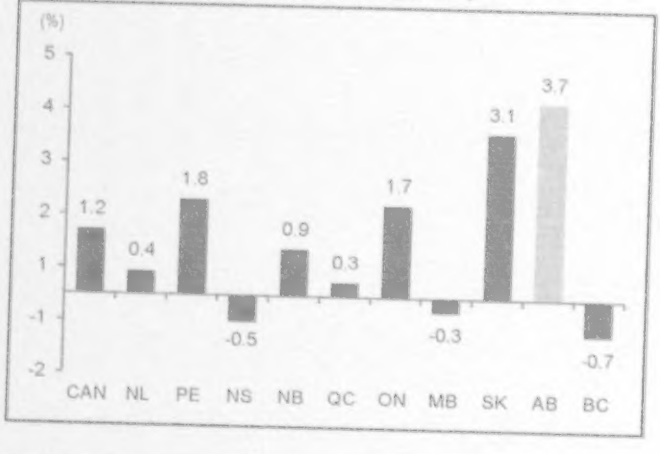
CPI Inflation
(September 2013, year-over-year growth)



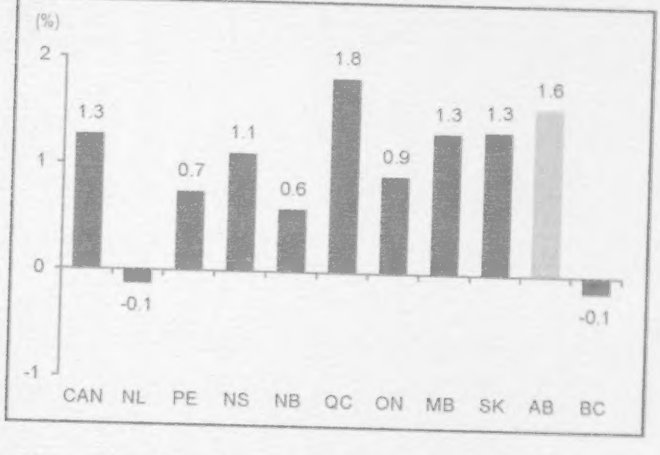
Unemployment Rate
(September 2013)



Employment
(September 2013, year-over-year growth)



Average Weekly Earnings
(July 2013, year-over-year growth)



Housing Starts
(September 2013, SAAR, year-over-year growth)